

SENATE FINANCE AND CLAIMS

Date 3-10-09Bill No. HB 123

House Bill 123

Testimony of Ron de Yong
Director, Montana Department of Agriculture

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

House Bill 123 extends funding for economic development programs statutorily appropriated to use interest income from the permanent coal severance tax fund until June 30, 2019. These funds provide a major funding mechanism for the Growth Through Agriculture program and the Montana Cooperative Development Center [15-35-108(9)(b)(i-ii), MCA].

The GTA program has invested more than \$10 million in Montana businesses, conservatively providing total financial benefit greater than \$100 million with the greatest amount of benefit occurring in the last 5 years. The department provides assistance through matching funds with a one-to-one match and technical assistance to individuals and businesses pursuing value-added and niche market opportunities. Recently the major focus has been on renewal energy and food processing industries. In recent years the program has fully or partially funded approximately 50% of the applications received. HB 123 will annually provide the GTA program with \$625,000 in interest income from the permanent coal severance tax fund. This reduces existing funding of \$1.25 million by one half as our effort to help balance the budget.

I would also like to point out that the Department of Commerce has a Board of Research and Commercialization, with at least 20% of the funds designated for agriculture. This program has been reduced to help balance the budget, with agriculture's 20% share of the reduction equaling an additional cut of \$475,000.

The Montana Cooperative Development Center (MCDC) will continue to receive funds (\$65,000) annually for matching federal grants to promote cooperatives and cooperative action to provide economic development for rural Montana. The MCDC has formed 25 new cooperatives and created or retained 296 jobs with a payroll benefit greater than \$8 million.

I urge your support of HB 123.